

TRS NewsBreak

Alaska Teachers' Retirement System

This Year, Make a Resolution that Pays

Resolve to do some preretirement planning and make this year pay off, literally. Here are ideas you can use now to plan for a financially healthy retirement.

1. Know your retirement needs.

Understand your financial future. Experts estimate that most people will need about 80% to 90% of their pre-retirement income to maintain their current standard of living when they stop working. Being in a defined benefit plan does not guarantee you will have enough income to meet your needs when you retire. Evaluate your needs to find out where you stand.

2. Start now, set goals, and stick to them.

You are not too young and it is never too late. The sooner you start saving, the more time your money has to grow. Put time on your side. Make retirement saving a high priority. Devise a plan, stick to it, and set goals.

3. Learn about your pension plan.

Financial security and knowledge go hand in hand. Check to see what your benefit is worth. Review your personalized Annual Benefit Statement you receive from the Division of Retirement and Benefits. If near retirement, do a projection using our online calculator accessed through "My Account Information" on our website. Or, request a projection from the Division. (A projection normally takes six to eight weeks to process.) Find out what will happen to your pension if you change jobs.

4. Make it easy to save for the future. *Automatic payroll deduction makes saving for retirement easier.* Sign up and contribute all you can to whatever tax-sheltered savings plan your employer may offer, such as a 403(b), available to public education employers, or a defined contribution plan, such as a 401(k). Consider putting your cost-of-living increases into your investments. They will multiply and support your retirement needs.

5. Contribute to a tax-sheltered savings plan.

Your taxes will be lower. Over time, deferral of taxes and compounding of interest make a big difference in the amount of money you will accumulate. Taxes become due when you withdraw the money – at a time when many people are in a lower tax bracket.

7. Don't withdraw money until you retire. *Don't dip into your retirement savings.* You will lose principal and interest, and you may lose tax benefits. If you refund your contributions, you forfeit all your retirement benefits, including future pension and medical coverage. You will not be eligible for TRS benefits unless you return to TRS employment and reinstate the refunded service or accumulate enough paid-up service to be vested again. Depending on when you reemploy with a TRS employer, you may also forfeit your right to remain in the Defined Benefit plan, and at the same tier level.

8. Find out how your pension may affect your Social Security benefit. *Plan for your retirement income without relying on Social Security.* Your Social Security benefit may be reduced due to the Government Pension Offset or the Windfall Elimination Provision. See the October 2005 TRS Newsbreak article on how your benefits may affect your Social Security.

9. Ask questions.

Get practical advice and act now.

These tips should point you in the right direction, but gather as much information as you can. Talk to your employer, your bank, your union, or a financial advisor. Ask questions and make sure the answers make sense to you. Attend one of the Great-West or Division retirement seminars to learn more.

Adapted from a publication of the Federal Citizen Information Center, Pueblo, Colorado.

Tax Breaks Help Teachers Pay Classroom Costs; Aid Parents, Students with College Tuition

Adapted from an article published in the IRS Newswire. See IRS Publication 970 on IRS.gov for more information or call the IRS toll-free at 1-800-TAX-FORM (829-3676) to obtain this free publication.

Saving receipts and keeping good records can help you take advantage of various education-related deductions and credits on your 2007 federal income tax return.

“Good recordkeeping makes sense because it can help avoid missing a deduction or credit at tax time,” said IRS Acting Commissioner Linda Stiff.

Deductions reduce the income on which tax is figured. Credits reduce the overall tax. Though both can lower your year-end tax bill or increase your refund, credits normally result in greater tax savings.

The educator expense deduction allows teachers and other educators to deduct the cost of books, supplies, equipment and software used in the classroom. Eligible educators include those who work at least 900 hours during a school year as a teacher, instructor, counselor, principal or

aide in a public or private elementary or secondary school.

Worth up to \$250, the educator expense deduction is available, whether or not you itemize your deductions on Schedule A. Under current law, this deduction was scheduled to expire at the end of 2007.

Three key tax breaks—the tuition and fees deduction, the Hope credit and the lifetime learning credit—help parents and students pay for the cost of post-secondary education. All three are available, regardless of whether an eligible taxpayer itemizes his/her deductions. Under current law, the tuition and fees deduction is scheduled to expire at the end of 2007, but the two credits remain in effect.

Normally, you can claim tuition and required enrollment fees paid for your own and your dependent’s college education. You cannot take both an education credit and the tuition and fees deduction for the

same student in the same year. Income limits and other special rules apply to each of these provisions. Education credits are claimed on Form 8863, and the tuition and fees deduction for 2007 will be claimed on new Form 8917.

IRS Publication 970, Tax Benefits for Education, can help eligible parents and students understand the special rules that apply and decide which tax break to claim. The publication also describes other education-related tax benefits, including qualified tuition programs (also known as 529 plans), the student loan interest deduction, Coverdell education savings accounts and the education savings bond program.

2008 Legislative Session—A Preview of Retirement-related Bills

The Second Session of the 25th Alaska Legislature convened January 15, 2008. This is the first session mandated to last just 90 days. Legislation passed by voters in 2006 reduced legislative sessions from 120 days to 90 days. The bills listed below were introduced in the 1st Session and carry over to the 2nd Session. Most of them address the unfunded liability of the state retirement systems and relief for rising employer contribution rates. Bills are listed with their number and a short title:

HB 12	Status	Summary
Full funding of PERS/TRS in seven years	In House (H.) State Affairs since Jan. 2007	Requires payoff in seven years of all TRS liability and state's share of PERS liability.
HB 13 Pension Obligation Bonds	Passed H. April 26, 2007 Referred to S. Finance	Authorizes government employers to issue pension obligation bonds to help reduce unfunded liability.
HB 48 Purchase of transferable PPT tax credits	Passed H. March 29, 2007, and referred to Senate Finance	Authorizes ARMB to purchase transferable tax credit certificates at 92% of face value and sell them to Dept. of Revenue for full value, using proceeds to reduce PERS/TRS unfunded liability.
HB 97/SB 52 State aid to PERS/TRS school district employers	In H. Finance since Feb. 22, 2007 and S. Finance since Jan. 19, 2007	Appropriates funds to reduce PERS & TRS school district employer costs due to increased employer contribution rates.
HB 129 Past service cost offset account	In H. State Affairs since mid-Feb. 2007	Establishes an account to aid PERS employers, other than the state, pay for annual past service contributions.
HB 139/SB 83 Supplemental appropriations for tax consulting/potential litigation	In H. and S. Finance since mid-Feb. 2007	Appropriates funds to the division for tax consulting services and an investigation relating to potential litigation on behalf of the PERS & TRS.
HB 179 Cost share plan to eliminate unfunded liability	Referred to H. Finance April 4, 2007	Obligates the state to pay 80% of unfunded liability, other employers 20%, and raises contribution rates for active employees by 5% above current levels.
HB 191 State employee bonus for not retiring	In H. State Affairs since mid-March 2007	Creates an incentive, in the form of a bonus payment, for state employees to not retire and to continue employment in state service.
SB 125 PERS cost-share	In House & Senate Free Conference Committee as of Feb. 21, 2008	Creates cost-share plan for PERS (like TRS) that has same contribution rate for all participating employers.
SB 183 Repeal Defined Contribution Retirement Plan	Referred to S. State Affairs on Feb. 15, 2008	Repeals the defined contribution retirement plan for teachers and public employees.

You can find more detailed information on these bills, including the full text and latest status, at www.legis.state.ak.us/basis/start.asp, the "Bill Action and Status Inquiry System" (BASIS) page on the Alaska Legislature's website. You can also go to the Division's home page, www.state.ak.us/drbb, and click on the "Legislation" link under "Of Interest." This will take you to a listing of bills under consideration or bills that have passed, back to the year 2000. If you do not have access to the Internet, contact your local Legislative Information Office (LIO). You can reach the Juneau LIO at (907) 465-4648.

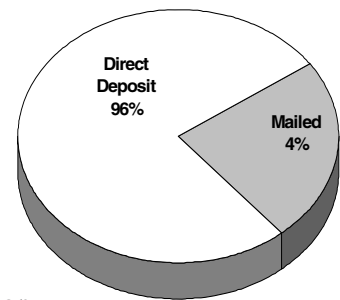
Retirees Take Advantage of Direct Deposit

The Division of Retirement and Benefits

has offered the convenience of electronic direct deposit to retirees for about 13 years. Direct deposit is a method of electronically depositing your benefit check directly to your financial institution.

Enjoyed by a total of 31,432 PERS and TRS retirees, direct deposit ensures that our members receive their benefit timely and worry free. (Of total TRS retirees, 96% have chosen to receive their benefit via direct deposit—see pie chart below.) If you do not elect direct deposit, your check is mailed to your correspondence address. Checks are normally mailed on the same day that money is deposited.

To participate in the direct deposit program, you must complete the *Electronic Direct Deposit Authorization for Retirees* form* (#02-1900r). This form can be downloaded from our website and is also available from the Retirement and Benefits office. *(You may also fill out and submit the copy of this form on page 5 of this newsletter. Please mail the completed form to the address at the top of the form.)



If you already participate in the program but need to change accounts, you must submit a **new** *Electronic Direct Deposit Authorization for Retirees* form with your new account information. (Be aware, however, that **it takes two pay cycles for the change to take effect.**) We will then turn off direct deposit to the old account and mail your benefit check to you. Your benefit check will be electronically deposited into the new account the **second** month after the change is initiated. **If you neglect to notify us** that you have closed your old account, we will try to make the direct deposit and it will be returned to us. This will cause a delay in processing and in getting your money to you.

The Division of Retirement and Benefits encourages all retirees to take advantage of the speed, convenience, and safety of direct deposit.

(Note: Active state employees may get direct deposit forms on the Division of Personnel website. Other PERS members should contact their personnel office for direct deposit information.)



STATE OF ALASKA
Division of Retirement and Benefits
P.O. Box 110203, Juneau, Alaska 99811-0203
Phone: 1-800-821-2251 or in Juneau 465-4460
FAX: (907) 465-3086

Check One

- ☐ New
☐ Change
☐ Delete

Electronic Direct Deposit Authorization for Retirees

NAME:	Last	First	Middle Initial
	<input type="text"/>	<input type="text"/>	<input type="text"/>
SOCIAL SECURITY NUMBER:	<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		

I hereby authorize the State of Alaska to make net payroll warrant deposits to my account as indicated below:

FINANCIAL INSTITUTION	Check One
TRANSIT ROUTING NUMBER and ACCOUNT NUMBER—Lower lefthand corner of check <input type="text"/>	<input type="checkbox"/> SAVINGS <input type="checkbox"/> CHECKING
Example: ⑆000000000⑆000000000⑆	

ATTACH VOIDED CHECK HERE

(used to verify your bank transit routing and account number)

I also authorize the State of Alaska, if necessary, to make adjustments to the above account to correct any credit entries made in error. I understand that the State will make a reasonable effort to notify me within twenty-four (24) hours when an adjustment is made. This authority remains in effect as long as I am retired or until the State receives written notice from me. I understand that thirty (30) days written notice is required to change financial institutions, account numbers, or type of account. I further understand that direct deposit will begin **after** the above account information has been electronically verified.

I also understand that, if I make a change to the financial institution, unless I inform the Division of Retirement & Benefits that I have closed my old account, my benefit will be **electronically deposited** to the **previous** account the first payroll after such a change is made. The change does **not** take effect until the second payroll **after** the change was initiated.

Please mail my **DIRECT DEPOSIT CONFIRMATION** to the following correspondence address:

Contact Telephone: () _____

**IT TAKES TWO PAY CYCLES
(TWO MONTHS) TO BEGIN
RECEIVING PAYMENTS VIA
ELECTRONIC DIRECT
DEPOSIT.**

DIRECT DEPOSIT is not available to financial institutions in foreign countries.

YOUR SIGNATURE	DATE
<input type="text"/>	<input type="text"/>

TRS Performance in Fiscal Year 2007

During fiscal year 2007, the fund additions were \$989,840,000 for the Defined Benefit (DB) Plan and \$5,543,000 for the Defined Contribution Retirement (DCR) Plan due to contributions received and net investment income. The TRS fund paid out, in benefits, refunds, and administrative expenses, \$396,697,000 for the DB Plan and \$36,000 for the DCR Plan.

Highlights in fiscal year (FY) 2007

- There were 9,256 TRS DB and 641 TRS DCR employees working for 58 TRS employers.
- \$33,646,041.76 in interest was credited to TRS DB employees' accounts.
- TRS DB employers paid 26.00% of each employee's gross salary in addition to the contributions paid by the employee. TRS DCR employers paid, of each employee's gross salary, employer contributions of 7%, Retiree Medical of 1.75%, and Health Reimbursement Arrangement (per AS 39.30.370) of 3.00% of the employer's average annual employee compensation.
- 9,669 retirees and beneficiaries received monthly TRS benefits in FY 2007, an increase of 3.4% over FY 2006. TRS benefit recipients received an average of \$31,493.16 annually in FY 2007.



Changes in TRS Assets During Fiscal Year 2007

Additions and Deductions	Defined Benefit	Defined Contribution
Net Assets on June 30, 2006	\$4,299,971,000	\$
Additions		
Employer Contributions	153,618,000	... 2,465,000
Plan Member Contributions	55,689,000	... 2,827,000
Net investment income (loss)	780,512,000 251,000
Other	21,000 -
Total Additions	989,840,000	.. 5,543,000
Deductions		
Pension Benefits Paid	293,224,000 -
Healthcare Benefits Paid	96,544,000 -
Refunds to Members	4,535,000 20,000
Administrative Expenses	2,394,000 16,000
Total Deductions	396,697,000 36,000
Net Assets on June 30, 2007	\$4,893,114,000	\$5,507,000

Statement of TRS Assets as of June 30, 2007

Assets		
Short-Term Investments	\$ 11,944,000 \$51,000
Securities Lending Collateral	531,810,000 -
Great West Account	- 7,000
Contributions and Other Receivables	13,583,000 460,000
Participant Directed	-	... 5,124,000
Domestic Equity Pool	1,763,111,000 -
Domestic Fixed Income Pool	871,677,000 -
International Equity Pool	824,994,000 -
Real Estate Pool	534,953,000 -
International Fixed Income Pool	89,983,000 -
Private Equity Pool	327,144,000 -
Emerging Markets Equity Pool	126,711,000 -
Absolute Return Pool	188,766,000 -
High Yield Pool	86,246,000 -
Other Investment Pool	57,018,000 -
Loans and Mortgages	27,000 -
Total Assets	5,427,967,000	.. 5,642,000
Liabilities		
Total Accrued Expenses and Other Liabilities	3,043,000 135,000
Securities Lending Collateral Payable	531,810,000 -
Total Liabilities	534,853,000 135,000
Net Assets on June 30, 2007	\$4,893,114,000	\$5,507,000

Where Are You?

The Division of Retirement and Benefits is trying to locate the following people whose address is no longer current in our system. If you have a current address or any other information for any of these people, please contact the division, as indicated below.

Please note: Some people might have the same name as you or may have a new last name due to marriage, divorce, or name change. Any information you can provide will be appreciated.

For the following people, please contact Laurie Helfinstine in the **Retiree Payroll Section** toll-free at (800) 821-2251, ext. 3104 or (907) 465-3104.

Ahiers, Candace T	Libby, Judith F
Armstrong, Katherine K	Martin, Linda F
Bryner, Scott M	Mickelson, Michael
Decker, Gloria J	Minzel, Charles M
Eddy, Allen R	Nelson, Helene W
Faber-Goedert, Alice L	Paddon, Elizabeth
Gulur, V Rao	Paul-Bridgers, Dorothy
Harrell, Henry H	Teller, Jane I
King, William J	Vierthaler, Constance
Knodel, Betty C	Widdis, J Anna B
Lemay, John P	Williams, Betty J
Lian, Betty A	

For the following people, please contact the **Accounting Section** toll-free at 800-821-2251 or (907) 465-1444. You may also email us at: doa.drb.accountingsection@alaska.gov

Alverson, Martha A	Kirwin, Patrick
Beard, Jennifer F	Lesh, Korin E
Caballero, Kathleen E	Liekoski, Kari
Carroll, Melody R	McCart, Elizabeth W
Debell, Micheal F	McRoberts, Dan
Dobler, Tina L	Nie, Matthew J
Erickson, Elizabeth S	Olinger, Steven D
Escarate, Osvaldo E	Pace, Kaye L
Fagan, Anna C	Paxton, Lois G
Fague, David C	Rost, Leland F
Giese, Bradley P	Rulon, Phillip J
Gannon, Marie T	Schuster, Jennifer
Harm, Louise A	Sharp, Faye N
Hernandez, Gabriela	Tante, Charles
Jacobson, Anne M	Troth, Jennifer M
Jones, Danielle A	Vincent, Vicki L
Kimmelman, Lewis A	Walley, Shannon R

Great-West Financial Seminars*

Anchorage Investment Fundamentals

Robert B. Atwood Building, Room 240

1:00 – 2:30 p.m.	March 18, 2008
12:00 – 1:30 p.m.	April 11, 2008
9:00 – 10:30 a.m.	May 1, 2008

Anchorage Financially Fit

Robert B. Atwood Building, Room 240

9:00 – 10:30 a.m.	March 20, 2008
9:00 – 10:30 a.m.	April 16, 2008
2:30 – 4:00 p.m.	May 1, 2008

Anchorage Retirement Planning

Robert B. Atwood Building, Room 240

9:00 – 10:30 a.m.	April 11, 2008
2:00 – 3:30 p.m.	April 30, 2008

Anchorage Reality Investing

Robert B. Atwood Building, Room 240

1:30 – 3:00 p.m.	April 16, 2008
9:00 – 10:30 a.m.	April 30, 2008

*Dates, times, and locations of Great-West seminars are subject to change or cancellation, depending on participation.

Great-West Counseling

Great-West account executives, Jim Rohlinger and Cheri Turner, will be visiting communities outside of Anchorage in the coming months and will be available to give seminars and one-on-one counseling. Please contact Jim directly if you would like to set up an individual counseling appointment:

Toll Free: 1-800-526-0560

In Anchorage: 276-1500

Email: jim.rohlinger@retirementpartner.com

Great West Travel Schedule, 2008*

March 4-6	Cordova
March 11-13	Wrangell/Petersburg
March 25-27	Fairbanks
April 1-3	Kenai/Soldotna/Seward
April 8-10	Juneau
April 22-24	Ketchikan

*This travel schedule is tentative and subject to change.

Alaska Division of Retirement and Benefits
PO Box 110203
Juneau, AK 99811-0203

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AND BENEFITS

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Patrick Shier, **Director and Administrator**
Barbara Kelly, **Editor**

Alaska Division of Retirement and Benefits

State Office Building
333 Willoughby Ave., 6th Floor
PO Box 110203
Juneau, AK 99811-0203

Toll free 1-800-821-2251

Juneau: (907) 465-4460

Fax: (907) 465-3086

TDD hearing impaired: (907) 465-2805

Website: www.state.ak.us/drbb

The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act (ADA). The TRS Newsbreak is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits, at 800-821-2251, or in Juneau (907) 465-4460, or contact the TDD for the hearing impaired at (907) 465-2805.



Clarification: In the **previous** issue of the TRS Newsbreak (December 2007), the article on page 1 (Keep Your Teaching Certificate Current) does **NOT** apply to retirees. Active employees who are teaching must keep their teaching certificate current.

Check our Web site for the latest retirement seminars, Great-West financial seminars, and regional counselor travel schedules:
www.state.ak.us/drbb/repss/newseminars.shtml

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